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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

DECEMBER 28, 1981

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To the Public Printer
U.S. Government Printing Office

We have examined the consolidated balance sheet of the U.S. Government Printing Office as of September 30, 1981, and the related consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made pursuant to the audit authority contained in the U.S. Government Printing Office's enabling legislation (44 U.S.C. 309(c)) and in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the U.S. Government Printing Office as of September 30, 1981, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis. We did not audit the comparative financial statements for the year ended September 30, 1980, and accordingly, we do not express an opinion on them.

Charles A. Bowser

Comptroller General
of the United States

AFMD-82-30

U.S. GOVERNMENT PRINTING OFFICE
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 1981 AND 1980 (NOTES 1 and 2)
(IN THOUSANDS OF DOLLARS)

ASSETS		LIABILITIES AND INVESTMENT	
	<u>1981</u>	Unaudited <u>1980</u>	
Current Assets:			Current Liabilities:
Cash:			Accounts payable (NOTE 6)
On-hand and in-transit	\$ 1,099	\$ 1,967	\$ 72,620
Revolving fund	22,692	13,648	Advances from customers (NOTE 7)
Appropriations	82,618	46,181	24,745
Accounts receivable (NOTE 3)	199,418	213,534	Accrued salaries and wages
Inventories (NOTE 4)			4,747
Publications for sale, net	16,858	26,538	Savings bonds and taxes withheld
Paper, materials and supplies	<u>19,121</u>	<u>23,377</u>	754
Total Current Assets	<u>341,806</u>	<u>325,245</u>	Total Current Liabilities
			<u>102,866</u>
			102,730
			Other Liabilities:
			Accrued annual leave
			<u>6,945</u>
			6,872
			Total Liabilities
			<u>109,811</u>
			109,602
Property, Plant, and Equipment: (NOTE 5)			Investment of U.S. Government:
Land and buildings	9,085	9,085	Paid-in-capital (NOTE 8)
Equipment and building appurtenances	<u>79,930</u>	<u>74,846</u>	107,525
	<u>89,015</u>	<u>83,931</u>	Unexpended appropriations (Schedule 1)
Less: accumulated depreciation	<u>45,120</u>	<u>42,885</u>	65,373
Total Property, Plant and Equipment	<u>43,895</u>	<u>41,046</u>	Retained earnings
			<u>102,992</u>
			101,532
Total Assets	<u>\$385,701</u>	<u>\$366,291</u>	Total Investment
			<u>275,890</u>
			256,689
			Total Liabilities and Investment
			<u>\$385,701</u>
			\$366,291

The accompanying notes are an integral part of these financial statements.

U. S. GOVERNMENT PRINTING OFFICE
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FISCAL YEARS ENDED SEPTEMBER 30, 1981 and 1980 (NOTES 1 and 2)
(IN THOUSANDS OF DOLLARS)

	<u>1981</u>	Unaudited <u>1980</u>
Revenue		
Printing and binding services for government agencies	\$554,461	\$564,586
Printing and binding services for Congress (Schedule 2)	78,597	95,809
Services performed by the Superintendent of Documents	30,403	28,315
Paper sales to Government agencies	24,284	25,189
Other revenue	<u>3,213</u>	<u>1,692</u>
Total Revenue	<u>690,958</u>	<u>715,591</u>
Expenses		
Labor	104,157	108,784
Materials	44,047	48,743
Purchases of contract printing	426,066	449,022
General and administrative expenses	105,554	88,424
Loss on sales of publications (Schedule 3)	<u>9,674</u>	<u>3,209</u>
Total Expenses	<u>689,498</u>	<u>698,182</u>
Net Income	1,460	17,409
Retained Earnings at beginning of year	<u>101,532</u>	<u>84,123</u>
Retained Earnings at end of year	<u>\$102,992</u>	<u>\$101,532</u>

The accompanying notes are an integral part of these financial statements.

U.S. GOVERNMENT PRINTING OFFICE
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEARS ENDED SEPTEMBER 30, 1981 AND 1980 (NOTES 1 and 2)
(IN THOUSANDS of DOLLARS)

	<u>1981</u>	Unaudited <u>1980</u>
Funds Provided:		
Net income	\$ 1,460	\$17,409
Add expenses not requiring working capital:		
Depreciation	4,410	3,817
Other	<u>545</u>	<u>291</u>
Total funds provided by operations	6,415	21,517
Proceeds from sale of fixed assets	49	689
Increase in unexpended appropriations	19,667	815
Increase in paid-in-capital	---	3,312
Increase in accrued annual leave	<u>73</u>	<u>---</u>
Total Funds Provided	<u>26,204</u>	<u>26,333</u>
Funds Applied:		
Purchase of fixed assets	7,853	7,795
Decrease in accrued annual leave	---	142
Refunds to U.S. Treasury	1,381	625
Decrease in paid-in-capital	<u>545</u>	<u>---</u>
Total Funds Applied	<u>9,779</u>	<u>8,562</u>
Increase in Funds	<u>\$16,425</u>	<u>\$17,771</u>

CHANGES IN WORKING CAPITAL

Current Assets:		
Cash:		
On-hand and in-transit	(\$ 868)	\$ 889
Revolving fund	9,044	6,623
Appropriations	36,437	(2,646)
Accounts receivable	(14,117)	15,975
Publications for sale	(9,680)	(785)
Paper, materials and supplies	(4,256)	(990)
Current Liabilities:		
Accounts payable	2,108	(3,302)
Advances from customers	(1,997)	3,325
Accrued salaries and wages	(293)	(1,318)
Savings bonds and taxes withheld	<u>47</u>	<u>---</u>
Increase in Working Capital	<u>\$16,425</u>	<u>\$17,771</u>

The accompanying notes are an integral part of these financial statements.

U.S. GOVERNMENT PRINTING OFFICE
STATUS OF APPROPRIATED FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 1981 and 1980 (NOTES 1 and 2)
(IN THOUSANDS OF DOLLARS)

	<u>Printing and Binding</u>	<u>Superintendent of Documents</u>	<u>Site Acquisition</u>	<u>Total Appropriated Funds</u> <u>1981</u>	<u>Unaudited</u> <u>1980</u>
Unexpended Appropriations at Beginning of Year	\$ 33,169	\$ 9,316	\$ 4,640	\$ 47,125	\$ 43,851
Funds Provided:					
Appropriations	98,650	24,000		122,650	121,238
Reimbursements	<u>---</u>	<u>7,326</u>	<u>---</u>	<u>7,326</u>	<u>8,526</u>
Total Funds Provided	<u>131,819</u>	<u>40,642</u>	<u>4,640</u>	<u>177,101</u>	<u>173,615</u>
Funds Applied:					
Amounts transferred to the revolving fund for:					
Printing and Binding(Schedule 2)	78,597	---	---	78,597	95,809
Congressional Record Handling	---	182	---	182	437
Federal Register	---	1,323	---	1,323	1,745
Distributions for other agencies	---	9,679	---	9,679	9,176
Depository library distribution	---	18,009	---	18,009	16,612
Cataloging and indexing	---	2,557	---	2,557	2,124
Funds returned to U.S. Treasury	<u>1,381</u>	<u>---</u>	<u>---</u>	<u>1,381</u>	<u>625</u>
Total Funds Applied	<u>79,978</u>	<u>31,750</u>	<u>---</u>	<u>111,728</u>	<u>126,528</u>
Unexpended Appropriations at End of Year	\$ <u>51,841</u>	\$ <u>8,892</u>	\$ <u>4,640</u>	\$ <u>65,373</u>	\$ <u>47,087</u>

The accompanying notes are an integral part of these financial statements.

Schedule 2

U.S. GOVERNMENT PRINTING OFFICE
 TRANSFERS TO REVOLVING FUND FROM
 PRINTING AND BINDING APPROPRIATIONS
 FISCAL YEARS ENDED SEPTEMBER 30, 1981 AND 1980 (NOTES 1 AND 2)
 (IN THOUSANDS OF DOLLARS)

	<u>1981</u>	Unaudited <u>1980</u>
Hearings	\$20,010	\$26,005
Miscellaneous printing and binding	8,662	7,945
Bills, resolutions and amendments	7,025	8,206
Miscellaneous publications	5,530	6,930
Committee prints	7,025	6,035
House and Senate calendars	1,901	2,321
Documents	1,444	2,970
Supplements to the Code of Federal Regulations	---	4
Committee reports	3,915	4,895
Franked envelopes	763	983
Publications for International Exchange	2,080	1,206
Document franks	127	112
Automation of Federal Register	---	129
Details to Congress	5,548	5,327
Government Manual	142	104
Weekly Compilation of Presidential Documents	521	869
Public Papers of the President	(43)	615
Congressional Record Daily	10,760	13,073
Congressional Record Index	434	582
Congressional Record Bi-Weekly	(14)	231
Congressional Record Bound	<u>2,767</u>	<u>7,267</u>
Total Transfers	<u>\$78,597</u>	<u>\$95,809</u>

The accompanying notes are an integral part of these financial statements.

Schedule 3

U.S. GOVERNMENT PRINTING OFFICE
 SUPERINTENDENT OF DOCUMENTS
 LOSS ON SALES OF PUBLICATIONS
 FISCAL YEARS ENDED SEPTEMBER 30, 1981 and 1980 (NOTES 1 AND 2)
 (IN THOUSANDS OF DOLLARS)

	<u>1981</u>	Unaudited <u>1980</u>
Revenue		
Sales of publications to the public	\$ 50,568	\$47,594
Reimbursements by appropriations	182	437
Other revenue	<u>549</u>	<u>380</u>
Total Revenue	<u>51,299</u>	<u>48,411</u>
Expenses		
Cost of publications sold	15,731	16,461
Cost of publications destroyed	10,977	3,847
General and administrative expenses	26,815	24,789
Postage expense	<u>7,450</u>	<u>6,523</u>
Total Expenses	<u>60,973</u>	<u>51,620</u>
Loss on Sale of Publications	(<u>\$ 9,674</u>)	(<u>\$ 3,209</u>)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - Assets and liabilities and income and expenses are recognized on the accrual basis of accounting.

Principles of Consolidation - The consolidated financial statements include all funds of the Government Printing Office. All inter-fund and inter-organizational transactions have been eliminated. The fiscal year 1980 amounts have been restated to conform to fiscal year 1981 statement presentation.

Revenue Recognition - Printing and binding income is recognized as individual jobs pass through the production process. The practice of recognizing income prior to completing the job or billing the ordering agency is due to the fact that all printing and binding work is required by law to be reimbursed on the basis of services rendered. Therefore, a liability is incurred by the ordering agency as the Government Printing Office recognizes income. The Superintendent of Documents, which distributes and sells publications to the public, recognizes income when publications have been shipped, or when services have been performed.

Inventories - Inventories are priced at the lower of cost or market. Various inventory valuation methods are used to determine account balances for different inventories: Publications for sale are computed using the average cost method, Materials and supplies are computed using the moving average method, and Paper is computed using the first-in, first-out method.

Property, Plant, and Equipment - Property, plant, and equipment is carried at cost and includes expenditures which substantially increase the useful life of the assets. Routine maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method with estimated useful lives ranging from 42 to 50 years for buildings and from 3 to 30 years for equipment and building appurtenances.

2. UNAUDITED COMPARATIVE STATEMENTS

The comparative financial statements and information presented in the footnotes for fiscal year 1980 are unaudited. The General Accounting Office is required to audit the Government Printing Office's financial statements at least once every three years. The General Accounting Office's prior audit covered fiscal year 1978.

3. ACCOUNTS RECEIVABLE

Accounts Receivable as of September 30, 1981, and 1980, are comprised of the following:

<u>Accounts Receivable</u>	<u>1981</u>	Unaudited <u>1980</u>
Government	\$ 25,466,019	\$ 33,718,393
Unbilled	173,517,811	179,048,123
Advances to Employees	37,352	31,899
Other	<u>396,731</u>	<u>735,646</u>
 TOTAL	 <u>\$199,417,913</u>	 <u>\$213,534,061</u>

Accounts Receivable-Unbilled consists primarily of goods that have been delivered but not billed. At fiscal year end, printing and binding work-in-process is reclassified as Accounts Receivable-Unbilled; amounts reclassified for 1981 and 1980 were \$19,976,263 and \$24,731,206, respectively.

The Government Printing Office does not establish an Allowance for Doubtful Accounts because government agencies are required to reimburse it for all work performed on their behalf. Other accounts receivable result from sales of scrap to bonded contractors. Loss experience does not justify the need for an allowance.

4. INVENTORIES

Publications for sale inventory is net of an allowance for unsalable publications amounting to \$3,018,462 and \$3,570,934 for fiscal years 1981 and 1980, respectively. For 1981, paper, materials, and supplies are comprised of \$12,129,461 for paper, and \$6,991,561 for materials and supplies.

The paper inventory valuation method was changed in fiscal year 1981 from standard cost to first-in, first-out. The effect of the change is not considered material.

5. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of September 30, 1981, is as follows:

	<u>Acquisition value</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Land	\$ 429,314	\$ ---	\$ 429,314
Buildings	8,655,859	7,879,404	776,455
Plant machinery and equipment	47,170,410	25,092,715	22,077,695
Building appurtenances	28,695,523	10,796,120	17,899,403
Office machinery and equipment	3,274,558	850,103	2,424,455
Furniture and fixtures	268,323	118,530	149,793
Motor vehicles	521,165	383,569	137,596
 TOTAL	 \$89,015,152	 \$45,120,441	 \$43,894,711

Purchases of property, plant, and equipment for fiscal years 1981 and 1980 were \$7,853,905 and \$7,794,250, respectively. Depreciation expense for fiscal years 1981 and 1980 was \$4,409,954 and \$3,816,634, respectively.

Depreciation expense for equipment and building appurtenances is recovered from billings to customer agencies. Buildings and structures have been paid for from Congressional appropriations. Accordingly, depreciation is not recovered on these items.

6. ACCOUNTS PAYABLE

Accounts payable as of September 30, 1981, and 1980 is comprised of the following:

<u>Accounts Payable</u>	<u>1981</u>	<u>Unaudited 1980</u>
Commercial Printing	\$64,982,612	\$66,329,630
Other	<u>7,636,937</u>	<u>8,398,621</u>
 TOTAL	 \$72,619,549	 \$74,728,251

Accounts Payable for commercial printing are recorded as of constructive delivery date. Other accounts payable are recorded when services are rendered or when the goods are received.

7. ADVANCES FROM CUSTOMERS

Advances from customers as of September 30, 1981, and 1980 are comprised of the following:

<u>Advances</u>	<u>1981</u>	<u>Unaudited 1980</u>
Advance billings to customer		
agencies for printing services	\$ 3,183,325	\$ 2,880,573
Customer deposits for publications	6,528,949	6,159,760
Subscriptions	13,880,709	12,644,867
Unfilled orders	1,151,610	1,061,661
TOTAL	<u>\$24,744,593</u>	<u>\$22,746,861</u>

Advances from customers represent amounts which have been received by the Government Printing Office but not earned.

8. PAID-IN-CAPITAL

Paid-in-Capital as of September 30, 1981, and 1980 was derived from the following:

<u>Paid-in-Capital</u>	<u>1981</u>	<u>Unaudited 1980</u>
Appropriations for improvements to air conditioning and electrical system	\$ 12,900,000	\$ 12,900,000
Appropriations for working capital	58,000,000	58,000,000
Beginning net worth of the printing and binding and sales of publications operations when the revolving fund was established	33,807,127	33,807,127
Donated equipment	1,611,693	2,054,378
Book value of contributed buildings and land	1,205,768	1,308,419
TOTAL	<u>\$107,524,588</u>	<u>\$108,069,924</u>